

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by adding  
5 Section 218 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Credit for student-assistance contributions.

8 (a) For taxable years ending on or after December 31, 2008  
9 and on or before December 30, 2019, each taxpayer who, during  
10 the taxable year, makes a matching donation on behalf of an  
11 employee of the taxpayer for moneys that the employee  
12 contributes in the same taxable year (i) to a specified  
13 individual College Savings Pool Account under Section 16.5 of  
14 the State Treasurer Act or (ii) to the Illinois Prepaid Tuition  
15 Trust Fund is entitled to a credit against the tax imposed  
16 under subsections (a) and (b) of Section 201 in an amount equal  
17 to 25% of that matching donation, but not to exceed \$500 per  
18 contributing employee per taxable year.

19 (b) For partners, shareholders of Subchapter S  
20 corporations, and owners of limited liability companies, if the  
21 liability company is treated as a partnership for purposes of  
22 federal and State income taxation, there is allowed a credit  
23 under this Section to be determined in accordance with the

1 determination of income and distributive share of income under  
2 Sections 702 and 704 and Subchapter S of the Internal Revenue  
3 Code.

4 (c) The credit may not be carried back. If the amount of  
5 the credit exceeds the tax liability for the year, the excess  
6 may be carried forward and applied to the tax liability of the  
7 3 taxable years following the excess credit year. The tax  
8 credit shall be applied to the earliest year for which there is  
9 a tax liability. If there are credits for more than one year  
10 that are available to offset a liability, the earlier credit  
11 shall be applied first.

12 (d) A taxpayer claiming the credit under this Section must  
13 maintain and record any information that the Illinois Student  
14 Assistance Commission, the Office of the State Treasurer, or  
15 the Department may require regarding the matching donation for  
16 which the credit is claimed.

17 Section 10. The Higher Education Student Assistance Act is  
18 amended by changing Sections 5 and 20 as follows:

19 (110 ILCS 947/5)

20 Sec. 5. Purpose. The General Assembly finds and declares  
21 that (1) the provision of a higher education for all residents  
22 of this State who desire a higher education and are properly  
23 qualified therefor is important to the welfare and security of  
24 this State and Nation and, consequently, is an important public

1 purpose, and (2) many qualified students are deterred by  
2 financial considerations from completing their education, with  
3 a consequent irreparable loss to the State and Nation of  
4 talents vital to welfare and security. The number of qualified  
5 persons who desire a higher education is increasing rapidly,  
6 and the physical facilities, faculties, and staffs of the  
7 institutions of higher learning operated by, within and for the  
8 residents of the State will have to be expanded greatly to  
9 accommodate those persons, with an attendant sharp increase in  
10 the cost of educating them. A system of financial assistance of  
11 scholarships, grants, and loans for qualified residents of  
12 college age will enable them to attend qualified institutions  
13 of their choice in the State, public or private. The adoption  
14 of new federal student loan legislation necessitates that the  
15 State update and broaden its system of financial student  
16 assistance.

17 As market conditions permit, the Commission is  
18 specifically encouraged to offer reasonable and affordable  
19 supplemental or alternative educational loans to students who  
20 seek to obtain these loans. As part of these alternative or  
21 supplemental direct lending initiatives, the Commission may  
22 give priority consideration to students assisted by the  
23 Commission's need-based programs.

24 The system of financial assistance provided under this Act  
25 includes prepaid programs for college savings, and the  
26 Commission is specifically encouraged to enlist employers in

1 providing voluntary matching donations to the amount that their  
2 employees save through these prepaid programs.

3 (Source: P.A. 89-442, eff. 12-21-95.)

4 (110 ILCS 947/20)

5 Sec. 20. Functions of Commission.

6 (a) The Commission, in accordance with this Act, shall  
7 prepare and supervise the issuance of public information  
8 concerning its provisions; prescribe the form and regulate the  
9 submission of applications for assistance; provide for and  
10 conduct, or cause to be conducted, all eligibility  
11 determinations of applicants; award the appropriate financial  
12 assistance; and, upon request by a member of the General  
13 Assembly, nominate or evaluate and recommend for nomination  
14 applicants for General Assembly scholarships in accordance  
15 with criteria specified by the member under Section 30-9 of the  
16 School Code.

17 (b) The Commission is authorized to participate in any  
18 programs for monetary assistance to students and to receive,  
19 hold, and disburse all such funds made available by any agency  
20 or organization for the purpose or purposes for which they are  
21 made available. The Commission is authorized to administer a  
22 program of grant assistance as authorized by the Baccalaureate  
23 Savings Act. The Commission is authorized to participate in any  
24 programs established to improve student financial aid services  
25 or the proficiency of persons engaged in student financial aid

1 services and to receive, hold, and disburse all funds made  
2 available by any agency or organization for the purpose or  
3 purposes for which they are made available subject to the  
4 appropriations of the General Assembly.

5 (c) The Commission is authorized to deny a scholarship or a  
6 grant to any person who has defaulted on a guaranteed student  
7 loan and who is not maintaining a satisfactory repayment  
8 record. If a person has a defaulted guaranteed student loan but  
9 is otherwise eligible for assistance pursuant to Section 40,  
10 the Commission shall award one term of assistance during which  
11 a satisfactory repayment record must be established. If such a  
12 repayment record is not established, additional assistance  
13 shall be denied until a satisfactory repayment record is  
14 established.

15 (d) The Commission is authorized to participate with  
16 federal, state, county, local, and university law enforcement  
17 agencies in cooperative efforts to detect and prosecute  
18 incidents of fraud in student assistance programs.

19 (e) The Administrative Review Law shall apply to and govern  
20 all proceedings for the judicial review of final administrative  
21 decisions of the Commission.

22 (f) The Commission is authorized to make all necessary and  
23 proper rules, not inconsistent with this Act, for the efficient  
24 exercise of the foregoing functions.

25 (g) Unless otherwise provided by statute, the functions of  
26 the Commission shall be exercised without regard to any

1 applicant's race, creed, sex, color, national origin, or  
2 ancestry.

3 (h) The Commission is authorized to establish systems and  
4 programs to encourage employers to match employee  
5 contributions to prepaid programs of college savings by making  
6 donations to the Commission for prepaid programs of college  
7 savings and its programs of grants and loans to make higher  
8 education affordable for all residents of the State and to  
9 receive, hold, and disburse all such funds made available  
10 through those programs for the purposes for which they are  
11 authorized by rule or by law.

12 (Source: P.A. 87-997.)

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.